

USING SUSTAINABLE DEVELOPMENT INDICATORS IN THE QUALITY MANAGEMENT OF SERVICE ACTIVITIES CASE STUDY: VEOLIA ENVIRONNEMENT

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Abstract

The present article presents a series of strictly current preoccupations regarding the relationship between the new services' economy and the concept of sustainable development, relationship which is mediated by the public awareness of the value of some natural environment components, traditionally considered as free goods. Although many influent scholars highlight the necessity of a new economic model - based on the recognition of the superior quality of human activities that preserves the environment, including resources considered to be abundant - there are still a lot of problems related to the correct interpretation and valuation of the services in this new approach.

The article discusses the experience of a big international corporation involved in environment related services in including sustainable development considerations in its quality management system. At Veolia Environnement the quality management of its service activities is based, besides the classic economic and financial indicators, on a series of sustainable development indicators, chosen by the company, pending on the respective service activity. The critical analysis of these indicators shows interesting results, from the point of view of the long term efficiency of the activity. It is a possible model for other companies, independently of size or specialization.

Keywords: quality management, free goods, sustainable development indicators

JEL Classification: M1, O2, Q2, Q5

1. General framework

Sustainability indicators serve for the implication of additional factors – beside the classical financial indicators – which have a significant importance for the economic success and that also represent a social advantage. Sustainable indicators materialize the term of “sustainability” in the area of the companies, they confer tangibility to the purposes and they indicate the stage of the progress. In the field of sustainable development, beside the economic and financial indicators, the environment protection indicators as well as social and urban development indicators hold an important share.

In order to promote the sustainable development concept, we made a case study on Veolia Environnement. This study has also been made in order to find out the main problems that

sustainable development generates both from institutional and from managerial points of view – at the extension of a form that is implied in the process of valuing economic goods formerly known as free goods.

Veolia Environnement is a transnational company, considered to be the world leader in environmental services. With operations developed on each of the 5 continents and with more than 270 000 collaborators, the company is at the research of personalized solutions to meet the needs of municipal and industrial customers by complimentary activities: water, environmental services, energy services and passenger transportation. Veolia Environnement is the only global company to provide the full gamut of environmental services in the water, environmental services, energy services and transportation fields under one brand name. Since more than 155 years, Veolia Environnement provides global integrated solutions for public and private sector clients.

Through the quality of the developed services, the expertise and the synergies between its teams, the experience of the company concerning the model of the delegated management for the public services and through its entertainment for sustainable development, Veolia Environnement had become a reference company on the global market.

Veolia Environment shows special interest for the international bodies from different countries by contracting long-term partnerships, the preparing of the future being at the heart of its promoted values. The company expresses itself by the management of its staff competencies and by the importance of its development and research programs.

One of the most common expressions used by Veolia is: “environment is an industrial challenge”. In fact, it speaks about how the company transforms some of the free goods such as water, air and waste in objects of its services supply. The global activity of Veolia Environment - integrated under the generic “environmental services”, is structured in 4 segments: Veolia Water, Veolia Environmental Services, Veolia Energy Services and Veolia Transport.

For the water field, Veolia Water division appears as a specialist in the delegated management of water and wastewater, services for local collectivities, industrial enterprises and third parties. Also, the company represents one of the creators and suppliers of technological solutions and public works necessary to deliver water and wastewater services, by implementing in the entire world specific solutions adequate to each local context. Simultaneously, through Veolia Water Solutions & Technologies branch, it develops and offers permanently analysis techniques, drinking-water treatment and wastewater treatment that cover the entire water cycle, as well as technological solutions and building workings necessary for the named services. The division serves 57 countries contributing at health protection, leak reduction, improved productivity (plants and pipelines) and water conservation.

The division Veolia Environmental Services is acting in the environmental services field and is considered to be the only global active operator covering the entire solid waste cycle, liquid waste common and dangerous, on each of the 5 continents. This division provides urban cleaning services, soil and site remediation, collection, sorting, transfer, treatment and recycling/recovery.

Veolia Energy Services division is appreciated as a European leader of the energy services for local collectivities and enterprises. This division provides heating networks, energy

management and fluid productivity units, engineering and maintenance energy installations services, technical services for the working of third and industrial enterprises, as well as global management of buildings services. Directly as well as through specific consultancy, this division provides complete and personalized comfort and energy efficiency solutions.

In transportation, Veolia Transport is seen as the first private operator in the field of public transportation from Europe and USA. This division is present as a partner of the local authorities, being a major environmental stakeholder. Its public transit services provide urban transportation and greenhouse gas reduction solutions as a contribution at improving the quality of life.

Through its major activity profile, Veolia Environnement is a good choice for the study concerning the management and the commerce of free goods converted in economic goods, in the context of the implementation of a quality management system including sustainable development targets and constraints in each of the four fields where the company is active: water, environmental services, energy services and the management of passengers transportation. The company undertakes well delineated and functional research in the field, corresponding to our preoccupation concerning the quality management in service activities and social responsibility.

The monitoring of sustainable development indicators for Veolia Environnement and for its divisions, as well as their evolution, is provided by five scoreboards: no. 1 representing the entire enterprise, no. 2 corresponds to Veolia Water, no. 3 corresponds to Veolia Environmental Services, no. 4 corresponds to Veolia Energy Services and no. 5 corresponds to Veolia Transport.

In each of the 5 scoreboards, the indicators are distributed in three relevant categories very significant from the perspective of the integration in company's activities to face sustainable development requirements: (1) group of indicators regarding the management of the company and its divisions; (2) group of indicators referring to the procedure of water management; (3) group of indicators for the management and recycling of waste (with its double effect: pollutant and renewable source of energy).

Analysis of the indicators, for Veolia Environment in general and for each of its divisions, was done for three consecutive years: 2003, 2004 and 2005.

In order to assess the compliance between the company's activities and the institutional sustainable development requirements, the scoreboards include references at regulations, international standards and any other applicable official documents.

2. Analysis of the relation between sustainable development indicators and the quality management at Veolia

The monitoring of the sustainable development indicators, as well as the analysis of the specificity of these ones has inspired the outlining of some conclusions concerning the modalities of action of a company that provide services. I tried to group these conclusions on some of the most important axes such as: general aspects concerning the compliance with the sustainable development requirements; specificity of the indicators employed for assessing the impact on the environment of the economic activity; the attention that should be paid to the environmental factors, as water or air, when they become economic goods and object of a distribution activity.

a) General aspects concerning the compliance with the sustainable development requirements

A multinational company that is managing, handling, and distributing free goods, turning these ones into economic goods has special responsibilities. Such responsibilities take into account methodological obligations regarding system integration, strategies adapted to the environmental conditions, the necessary simultaneous care about the exploited good and the conservation of the environment that provides the good in question, the constant improvement of the staff – managers and experts – as well as the reporting to the relevant authorities.

The methodological obligations regarding system integration refer to the necessity of building and formalizing typical indicators for the environment where they are acting, as well as to the capacity of taking a set of such indicators from the international standards or other institutionalized regulations. Such indicators are intended, on one hand, to be a guide supporting the orientation of the strategies formulated and employed by every company which is active on the market and has as object the management or the use of free goods; on the other hand, these indicators are meant to ensure the fundamental, operational connections between the activities of the companies that are concerned and the institutional components of the sustainable development process. Some of the indicators used by Veolia are:

- management indicators:
 - share of the turnover, obtained in the framing exigencies of the “Environmental Management System” and of the „International Financial Reporting Standards”,
 - share of the turnover of the units having a certified management system (ISO 9001, ISO 14001 or the equivalent),
 - the number of sites covered by a certificate ISO or ISO 14001,
 - share of managing staff that attended training courses regarding environmental performance,
 - share of audited installations,
- indicators of the environmental agents (for water):
 - efficiency level of the drinking water networks at world, EU and country levels in its market,
 - consumption of industrial water,
 - treatment efficiency,
 - the number of the sewerage systems included in the control program of the industrial overflowing,
 - the metering quota of the subscribing clients,
 - the percentage of the Waste Storage Center that collects and treats lixiviation,
 - drinking water quality (in accordance with bacteriological rate and with global conformity rate);
- environmental indicators:
 - quantity of sludge evacuated,
 - weight of improved waste from the treaty waste,
 - volume of improved waste exploited,
 - volume of composts produced.

The formulation and the substantiation of enterprise strategies that may adapt to specific environmental conditions for the market places where the company is acting is another important responsibility for the companies in the field. Such strategies should use all the reference elements by international standards, regulations belonging to international or worldwide environmental bodies, rules, regulations or intern norms of the state institutions from each country of the market place that are covered by the company in the question as substantiation elements, beside the intern synergy forces of the company and beside the classic forces on the market. Also, the named strategies should answer simultaneously both to the requirements of the market mechanisms and to the environmental exigencies, including the accidental trauma as devastating earthquakes, flooding, fire of big extent, other phenomena that can modify business trend and sustainable development process exigencies from a certain area.

As it results from the approach of Veolia, the care for the quality of the exploited good and for the conservation of the environment that sources the good in question, must define the responsibility for an enterprise involved in marketing of free goods. This aspect is outlined anyway by a set of demands for the sustainable development, on one hand – demands that are institutionalized by different local, national or international regulations – and precisely by the indicators that integrate the obtained results in the accountancy rules of IFRS – for example, the health quality of the drinking water, water consumption, but also the efficiency quotas of drinking water networks, treatment efficiency in the biological water treatment plants or the number of sewerage systems that are subject to the control programs of industrial overflowing etc.

The constant improvement of managerial staff, considering managers of divisions and departments, as well as the experts employed in various fields by the company, represents one of the defining features of Veolia Environment, engaged into the process of sustainable development. The case study show as being relevant the fact that both for the general management level of the enterprise and for each division level, managers are obliged to report the results of their preoccupation regarding the training regarding environment performance indicators. For instance the company and its divisions must report each year the percentage of the managing staff that was trained in relation with environmental performance, depending of the field in which the staff is working.

In the context of the same responsibilities is also included the obligation for the company and for its divisions to relate its economic activities to the pertinent environmental activities. An example is the insertion in these reports of the indicators concerning “the turnover of the pertinent environmental activities”, indicator that can be found in each of the five tables.

b) Specificity of the indicators employed for assessing the impact on the environment of the economic activity

The specificity of the indicators employed is outlined by analyzing, on one hand, the structure of the indicators in discussion and the values registered by those indicators, on the other hand, both to the general level of the enterprise and for each and every division. One may easily observe that while the structure of the utilized indicators remains the same - at the general level of the enterprise and of its divisions, no matter the type of the activities carried on – the registered values are substantially differenced, reflecting, on one hand, the specificity of the activity corresponding to each division and the sensitivity of the named

indicators and their capacity of surprising the role of free goods in economic processes organized by the structural divisions of the enterprise in discussion: water, environmental services, energy distribution, transport. The differentiation between the values of the presented indicators in the tables from 1 to 5 and that have been analyzed in order to highlight the specificity phenomenon concerns all the structural groups- management, environmental agents, environmental services. In this way, in the management indicators group, significant differences can be seen between the registered values on the number of sites covered with certificates such as ISO 9001 and 14001, where the amplitude of the values varies between 28, in 2005 (for “ Veolia Transport division) and 349 (for “Veolia Environmental Services” division). In the same group, another set of important differences appears between the values of the indicator concerning the weight for the turnover covered by the EMS, where the variation of the values is comprised between 32, in 2005- for “Veolia Transport- and 85 for Veolia Energy Services”. Regarding the environmental indicators group –in this case: water– the differentiation of the values is very accentuated and it refers to all the indicators included in the group, offering in this way a speaking evidence for the specificity of the developed activities, as well as for the impact these ones have on strategies of the companies that are entertained in free goods business or that have interferences with different environmental fields. In this way, the division Veolia Water”, takes as object of activity the captation from natural environment, treatment and distribution of the water, the whole series of indicators being activated. These indicators have high values, reflecting the concerns of the company about drinking water networks efficiency. Meanwhile, registered treatment efficiency inside the biological treatment plant, the number of the sewerage systems included in control programs of industrial overflowing, the metering level of the subscribed clients, as well as the health quality of the potable water, industrial water consumption, all these in the area of other divisions, such indicators have a lower rate and also lower values. A similar fact is to be noticed also for the environmental indicators group in the case study on waste. Here, for Veolia Environmental Services” division, one meets indicators such as: the quantity of treated and recovered waste, the weight of treated and recovered waste, as well as the quantity of produced composts – considered to be specific indicators that are totally activated - and they have very high values, in comparison with the registered values for similar indicators from other divisions, where there are such activities, but they figure in the strategy activities, as being similar activities.

c) Attention that should be given to the environmental factors when they become economic goods

The attention paid to the environmental agents is outlined by the whole strategic structure of Veolia, structure that is being reflected by the evolution recorded between 2003 and 2005. As for the general enterprise level and for each division level, the environmental indicators that have been studied reflect the concern of the company for promoting market policies conforming to sustainable development requirements. The phenomenon is firstly shown by the fact that the share of pertinent turnover, resulted from activities integrated in the “Environmental Management System (EMS)” has raised up from 31% in 2003 to 66% in 2005. The share of the turnover resulted from activities certified by international standards such as ISO 9001 and 14001 and to which the accounting norms promulgated by IFRS are applicable, are rated with a very high level, oscillating between 63% in 2003 and 65% in 2005. Besides, there are also the managerial concerns of the company for raising constantly the number of sites covered by certificates ISO 14001, their number having

grown from 384 in 2003 to 705 in 2005 as well as for the quality of utilized installations, by submitting them to a permanent control; the weight of the audited installations has grown during the analysis from 36% in 2003 to 80% in 2005. Also, in order to manage properly the named activities, the company pays very special attention to the constant improvement of its managerial staff and of its experts and it is always pursuing the augmentation of the weight for those who are to be initiated in the environmental performing area. In the period that has been researched in the study, the named weight has grown from 55% in 2003 to 70% in 2005. Similar facts are reflected also by the structure and by the values of the indicators, the two dimensions being performed by each division being part of the studied company.

3. Concluding remarks

The most interesting point in our case study refer to the way in which sustainable development indicators become indicators of the quality management system at the moment when environmental factors are transformed from free into economic goods, object of the distribution activity, as it may be learned from the experience of Veolia Water division. The indicators of the activity of this division, both for their structure and for their registered values, underline the high interest of the company. The company is interested to provide a special quality of the concerned good at its preparing for the consumption, on one hand and on the other hand, the constant diminishing of the noxious impacts towards the source and the environment in general. In order to argue the worry about the quality, we mention the indicators: the health quality of the drinking water - reflected by the bacteriological conformity rate that was about 99.3% in the investigated years and the sanitary quality of the drinking water - confirmed by the general conformity rate oscillatory between 98, 7% and 98, 9% - in the mentioned period. Concerning the interests for the constant limitation of the noxious impacts regarding the source and towards the environment generally, the strategic axes are very numerous in such a way that it determines us to stop only over the most important ones. In this sense, we pursue: the efficiency level of the drinking-water network, which for the biggest part of the company's market - in the whole world - varied between 76,5% - in 2003 - and 77% in 2005, and in the EU countries oscillated between 80,2% - in 2003 and 80,7% in 2005; the efficiency treatment realized in the biological water treatment plants was established during the three years at over 91%; the industrial water consumption that decreased during the three years from 216.6 to 190.4 Mm³; the countering level of the subscribing clients which had an increasing level from 91% in 2003 to 93% in 2005; the number of the sewerage systems included in the control program of the industrial overflowing, where generally one can found a big variation, 103 in 2003, 44 in 2004 and 96 in 2005.

Finally, two general observations, which we consider necessary for the activities developed by the companies which have free goods and environmental resources as business object:

- Firstly we should note that Veolia Environment company, as a multinational enterprise possessing special economic capacity, by the environmental policies that it promotes and by the strategies it employs for the framing of the developed activities in the sustainable development, it manages to develop activities in accordance with the international standards and with the auxiliary institutionalized rules. In this way, the company brings its contribution to a good management and to a valorization of the free goods, as for the keeping of the environmental balance. Such a phenomenon should be analyzed with an increased attention. This type of practices should be generalized for

being promoted in the area of local, regional or national companies, which form partnerships with divers units of the local administration centered on the managing and valorization of different resources of the ecological environment.

- The second point cares about the fact that, even if Veolia Environment company is – as previously shown – a powerful company having acquired a special reputation in the field, it is very careful towards relations between the developed activities and the institutionalized exigencies of the sustainable development. By promoting adequate policies and using benefic strategies in the managing fields, the company is still in the phase of preparing a set of economic indicators. These indicators are supposed to mirror also the relations between the sustainable development strategies of the company and the market strategies it promotes, as well as the manner of integration of the market mechanisms of different exploited free goods and the valorization of economic goods.

Through this article I tried to underline the efforts to monitor the quality of water, energy, environment and transportation services of an international corporation by the implementing of some specific indicators of sustainable development. This approach contributes to a more proper environment and to the protection of the free goods sources. I intend to continue the research concerning the use of sustainable development indicators in the quality management systems of service providers, both for the pursuit of these indicators at Veolia, but especially for following up the development of such practices in our country.

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